

Blind Industries and Services of Maryland

3345 Washington Boulevard ♦ Baltimore, Maryland 21227
(410) 737-2600 phone

FACSIMILE TRANSMISSION SHEET

DATE: 12/8/04

TO: Janet Yandik

FAX NUMBER: 703-603-0655

MESSAGE: Good Afternoon,

Attached please find BISM's response. If
you have any questions or concerns about
any of the information please do not
hesitate to contact me.

Have a great day.

Christina

FROM: Christina Davis

FAX NUMBER: 410-737-2665

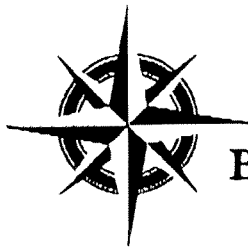
THIS FAX TRANSMISSION HAS A TOTAL OF 4 PAGES INCLUDING THIS PAGE. IF YOU DO NOT
RECEIVE ALL PAGES, PLEASE CALL ME AT (410) 737-2638, THANK YOU.

MISSION

The Mission of
Blind Industries and Services of Maryland
is to provide quality services, training,
and stable employment opportunities
to blind adults while maintaining
our core values of
Honesty
Integrity
Trust
Teamwork
Independence
Open Communication
Belief in the Capabilities of Blind People
Personal and Professional Growth
Pride in Accomplishment
Dignity and Self-Esteem

VISION

Blind Industries and Services of Maryland
is a nationally recognized
business and training resource center
whose team provides
evolving opportunities for its associates.



Blind Industries and Services of Maryland

December 8, 2004

Desk Officer for the
Committee for Purchase From People Who Are Blind or Severely Disabled
The Office of Management and Budget
Office of Information and Regulatory Affairs
725 17th Street, NW
Washington, DC 20503

Reference: [Docket No: 3037-AA00];[FR Doc: 04-25233];[Page 65395-65401];
Javits-Wagner-O'Day (JWOD) Program: Nonprofit agencies and central nonprofit
agencies; governance standards

Gentlemen:

The purpose of this correspondence is to comment on the information collection aspect of the above referenced proposed rule making. Although the proposal is "apple pie and motherhood" there are some basic flaws with the proposal itself as well as the information collection aspect and inconsistency with other agencies. Because of our concerns, we respectfully request that The Office of Management and Budget disapprove the information collection for this rule making and that the Committee for Purchase From People Who Are Blind Or Severely Disabled be stopped from implementing the regulation changes.

The following are our comments:

- It will take significant dollars and work hours to adjust our accounting and information technology systems to be able to capture the information required by the proposed rule making and complete the forms. We believe that the hours to fulfill the proposed requirements are significantly greater than the 19 hours noted in the proposal. Blind Industries and Services of Maryland (BISM), being a quasi State agency is required by State law to maintain its financial records based on the State fiscal year, which ends on June 30. Additionally, our IRS Form 990 is based on our June 30 fiscal year.
- The proposed rule impinges on the laws of the State of Maryland. Under State law it is required that that governor of the State of Maryland appoint, and the State Legislature approve the appointment of all Board of Trustee members of BISM.

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TTY users via Maryland Relay: (800) 735-2258**

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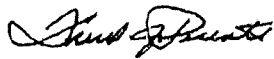
- The collection of the requested information is not necessary for the Committee for Purchase From People Who Are Blind Or Severely Disabled to perform its functions and the information will have little if any practical utility to the Committee in the performance of their statutory role.
- This information is already being collected by the Internal Revenue Service (IRS). The Treasury Department has issued extensive regulations implementing IRC 4958. This statute imposes intermediate sanction taxes on top officials within certain tax-exempt organizations who receive excess compensation from their organizations. These regulations are set forth in 26 CFR 53.4958-1T *et seq.* and apply to every 501(c)(3) not-for-profit organization. Therefore, it makes no sense for another federal agency to duplicate the work of the Internal Revenue Service.
- In addition to excess compensation, IRC 4958 also applies to certain non-fair-market-value property transactions favoring top officials at the expense of the exempt organization. The statute also imposes taxes on organization managers who do not benefit from the compensation arrangement or property transaction but nonetheless knowingly and willfully participated. Therefore, again it makes no sense for another federal agency to duplicate the work of the Internal Revenue Service.
- As part of enhanced scrutiny of compensation practices of not-for-profit organizations the IRS has launched a major probe of executive salaries. Formally announced on August 10, 2004, the goal of the new enforcement effort, according to an IRS statement, is to "identify and halt abuses by tax-exempt organizations that pay excessive compensation and benefits to their officers and other insiders". Therefore, once again it makes no sense for another federal agency to duplicate the work of the Internal Revenue Service.
- In its request for the proposed rule making, the Committee for Purchase From People Who Are Blind Or Severely Disabled consistently make statements such as "**isolated instances** of excessive compensation packages for nonprofit agency executives" and "**the overwhelming majority** of JWOD-affiliated central nonprofit agencies and nonprofit agencies operate in an ethical and accountable manner" [emphasis added]. Since by the Committee's own admission, an overwhelming majority of JWOD agencies do what they should do, it seems a waste of resources and a bureaucratic maneuver to require scrutiny above and beyond that which is already performed by the Internal Revenue Service. Additionally, should the Committee have reason to believe that either the central nonprofit agencies or the nonprofit agencies are acting in other than in an ethical manner, the Committee may advise the IRS of this belief and ask the IRS to investigate.

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In conclusion, we believe that although the Committee for Purchase From People Who Are Blind Or Severely Disabled has only the highest intentions in requesting the passage of the above referenced regulation changes, the changes are superfluous, impede upon the rights of other State and Federal agencies, and will have little if any practical utility to the Committee in the performance of their statutory role.

Therefore, we once again respectfully request that The Office of Management and Budget disapprove the information collection for this rule making and that the Committee for Purchase From People Who Are Blind Or Severely Disabled be stopped from implementing the regulation changes.

Sincerely,



Frederick J. Puente
President

pc: Ms. Janet Yandik, Information Management Specialist
Committee for Purchase From People Who Are Blind Or Severely Disabled